

Message Text

LIMITED OFFICIAL USE

PAGE 01 TANANA 00279 210646Z

56

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 NEA-10 PM-04 NSC-05 SP-02 SS-15

DODE-00 EB-07 COME-00 CIAE-00 INR-07 NSAE-00 FRB-03

TRSE-00 PRS-01 PA-01 USIA-06 /080 W

----- 063137

R 210623Z FEB 76

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 7972

INFO AMEMBASSY NAIROBI

AMEMBASSY PARIS

LIMITED OFFICIAL USE TANANARIVE 279

E.O. 11652: N/A

TAGS: EFIN, PFOR, MA, US

SUBJ: U.S. BANKS EXPAND RELATIONS WITH MADAGASCAR

REF: (A) TANANARIVE'S A-009 OF 2/1/76

(B) TANANARIVE 0272 (NOTAL)

1. IN RECENT WEEKS EMBASSY HAS REPORTED DEVELOPMENT OF NEW FINANCIAL RELATIONS BETWEEN MALAGASY GOVERNMENT AND SEVERAL NEW YORK BANKS (REF A). NEW RELATIONS STEM FROM THE NATIONALIZATION OF THE FRENCH-OWNED BANKS IN MADAGASCAR IN JUNE 1975, AND THE GDRM'S SUBSEQUENT FAILURE TO OFFER WHAT FRENCH BANKS CONSIDER MEANINGFUL COMPENSATION. SINCE SEPTEMBER 1975 FRENCH BANKS ACCOMPANIED, REPORTEDLY, BY OTHER MAJOR EUROPEAN BANKS HAVE SUSPENDED THEIR LINES OF CREDIT, REFUSING TO CONFIRM LETTERS OF CREDIT ISSUED BY THE NATIONALIZED MALAGASY BANKS.

2. FACED WITH MAJOR DISLOCATIONS TO MALAGASY IMPORTS, WHICH HAD LARGELY BEEN TRANSACTED BY LETTERS OF CREDIT, MALAGASY CENTRAL BANK SOUGHT ASSISTANCE FROM SEVERAL NEW YORK BANKS. U.S. BANKS AGREED TO EXPAND LINES OF CREDIT TO PICK UP SOME (BUT NOT ALL) OF THE SLACK LEFT BY EUROPEAN BANKS, HOLDING MALAGASY FOREIGN EXCHANGE RESERVES ON DEPOSIT AS SECURITY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TANANA 00279 210646Z

3. IN ADDITION TO NEW LETTER OF CREDIT BUSINESS, RELATIONS BETWEEN MADAGASCAR AND U.S. BANKS APPARENTLY CONTINUE TO EXPAND. EMBASSY HAS RECEIVED VISITS FROM REPRESENTATIVES OF THREE U.S. BANKS IN RECENT WEEKS, AND A FOURTH HAS BEEN IN TANANARIVE BUT NOT CALLED ON EMBASSY. CENTRAL BANK SOURCES AND VISITING BANKERS REPORT U.S. BANKS ARE PLANNING TO FINANCE A LARGE SHIPMENT OF MOTOR VEHICLES FROM ROMANIA, TRACTORS FROM WEST GERMANY, AND POSSIBLY SIKORSKY HELICOPTERS (REF B). CENTRAL BANK GOVERNOR TOLD EMBASSY THAT U.S. BANKS ARE NOW FINANCING "PRACTICALLY ALL OUR TRADE WITH EASTERN EUROPE". VISITING BANKERS REPORT MADAGASCAR ENJOYS GOOD CREDIT RATING SINCE IT HAS MET ALL OBLIGATIONS TO U.S. BANKS ON TIME (UNLIKE SOME AFRICAN COUNTRIES) AND HAS RELATIVELY LOW DEBT SERVICE RATIO.

4. IN RECENT CALLS ON GOVERNOR OF CENTRAL BANK RAJAOBELINA AND MINISTER OF FINANCE RAZAKABOANA, BOTH OFFICIALS EXPRESSED OBVIOUS SATISFACTION WITH DEVELOPMENT OF FLOURISHING MALAGASY RELATIONS WITH U.S. BANKS.

5. COMMENT: NEW RELATIONS WITH U.S. BANKS SEEM TO HAVE BECOME IMPORTANT FACTOR IN MALAGASY FINANCIAL AFFAIRS, AND MAY EVENTUALLY HAVE DIRECT BEARING ON OVERALL MALAGASY-U.S. RELATIONS. PRESIDENT RATSIRAKA CANNOT BE UNAWARE OF THE TIMELY ASSISTANCE THE U.S. BANKS HAVE RENDERED HIS GOVERNMENT AT A DIFFICULT TIME. SHEINBAUM

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, COMPENSATION, NATIONALIZATION, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TANANA00279
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760066-0060
From: TANANARIVE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760226/aaaaawhd.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2004 by greeneet>; APPROVED <06 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. BANKS EXPAND RELATIONS WITH MADAGASCAR
TAGS: EFIN, PFOR, MA, US, FR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006